

August Trustee Tip: Setting the Library's Tax Rate

As a library trustee, one of your most important tasks is securing funding for your library. KDLA presents answers to frequently asked questions about the process of setting tax rates.

Where Do Our Tax Rates
Come From?

The Kentucky Department for Libraries & Archives calculates tax rates for public library taxing districts and distributes them to the libraries. These rates are based on the Certified Property Valuation provided to KDLA by the Kentucky Finance and Administration Cabinet. KDLA utilizes a formula provided by the Department for Local Government in calculating these rates.

Why Do We Get Two Rates?

Public libraries are provided the "Compensating Rate" to ensure a reliable income from year to year. The "Compensating Rate" according to statute, should produce "an amount of revenue approximately equal to that produced in the preceding year from real property." The "4% Rate" is calculated to provide an additional 4% in revenue above that produced from the Compensating Rate.

Do We Have to Take the
Compensating or 4% Rate?

KDLA encourages library districts to carefully examine their revenue needs and then select a rate which meets the library needs without placing undue burden on taxpayers. Library districts may request alternate rates for consideration. If a district requests alternate rates, up to nine alternatives will be provided by KDLA. For questions about setting tax rates, please contact your regional consultant or Terry Manuel (terry.manuel@ky.gov) at KDLA.

Legal Requirements After You Set the Tax Rate

State Requirements:

The adopted tax rate must be set within 45 days of the Kentucky Revenue Cabinet's certification and by September 15th at the latest.

The *Property Tax Rate Certification* form sent to the library by KDLA will be completed and filed with KDLA on the KDLA-supplied form. A copy will also be kept on file at the library.

County Requirements:

If a rate is set that exceeds the Compensating Rate, a public hearing must be held immediately before a fiscal court meeting in the same building where the fiscal court meets. This public meeting must be advertised in the newspaper for 2 consecutive weeks, and citizens who wish to be heard must be allowed time for an oral testimony. The Special Purpose Governmental Entity may set reasonable time limits on these testimonies.

Written notification of the tax rate that was set must be presented to the fiscal court at least 30 days before the tax rate becomes effective. The tax rate must be presented at a regular fiscal court meeting at least 10 days before the tax rate becomes effective. The fiscal court cannot vote to alter or veto the tax rate adopted; these reporting requirements are only to provide transparency.